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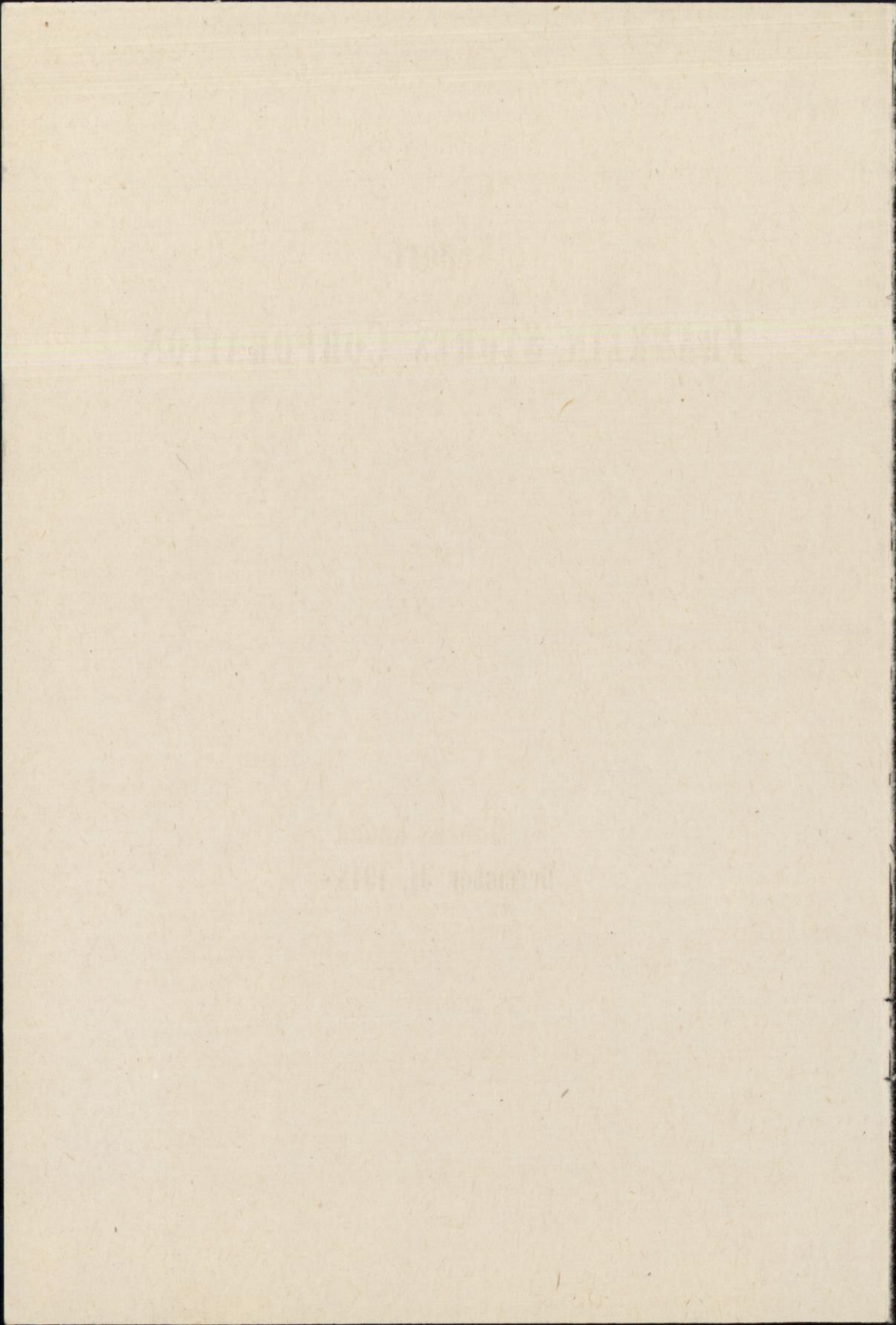
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Report

Franklin Stores C O R P O R A T I O N



Six Months Ended
December 31, 1948



Report
FRANKLIN STORES CORPORATION



Six Months Ended
December 31, 1948

Officers and Directors

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O F F I C E R S

FRANK RUBENSTEIN *President*
ALBERT RUBENSTEIN *Executive Vice-President*
PHILIP S. BLATT *Vice-President*
LEE B. LANE *Vice-President and Assistant Secretary*
MARCUS RUBENSTEIN *Secretary-Treasurer*
DAVID SPIELMAN *Assistant Treasurer*

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D I R E C T O R S

FRANK RUBENSTEIN	MARCUS RUBENSTEIN
ALBERT RUBENSTEIN	JACK LEINWAND
LEE B. LANE	PHILIP S. BLATT
D. MALLORY STEPHENS	

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Executive Offices

519 Eighth Avenue, New York, N. Y.

Registrar

Manufacturers Trust Company
55 Broad Street, New York, N. Y.

Transfer Agent

Marine Midland Trust Co. of New York
120 Broadway, New York, N. Y.

To the Stockholders of

FRANKLIN STORES CORPORATION

There is submitted herewith the results of the operations of your Company for the six-month period ended December 31, 1948.

The net profit of the Company and its Subsidiaries, for the six-month period ended December 31, 1948 was \$1,182,865, equal to \$1.58 a share on the 747,158 common shares outstanding, which compares with a net income of \$1,018,896 or \$1.34 a share on 747,158 common shares outstanding, for the corresponding six-month period ended December 31, 1947.

Net sales for the period, advanced to a new all time high of \$15,483,623, as compared with \$12,790,747 for the corresponding six-month period ended December 31, 1947, a gain of \$2,692,876 or 21%.

Consolidated current assets on December 31, 1948, including \$4,137,947 in cash and United States Government securities, were \$7,642,985, contrasted with \$7,438,513 on December 31, 1947. Current liabilities at the close of business December 31, 1948 totaled \$2,025,471, as compared with \$2,106,738 as at December 31, 1947.

Working capital of the Company as at December 31, 1948 of \$5,617,514 compares with \$5,331,775 as at December 31, 1947.

There were 108 stores in operation on December 31, 1948 as against 99 stores on December 31, 1947.

At the quarterly meeting of your Board of Directors, held January 3, 1949, a regular quarterly dividend of 15 cents per share, plus an extra dividend of 10 cents per share, was declared on the outstanding common stock. This dividend was paid on January 24, 1949 to stockholders of record January 14, 1949.

Respectfully submitted,

FRANK RUBENSTEIN,
President.

January 31, 1949.

FRANKLIN STORES CORPORATION

(Consolidated)

BALANCE SHEET—AS OF

ASSETS

CURRENT ASSETS:

Cash on Hand and in Banks.....	\$3,131,387.96	
United States Government Securities.....	1,006,559.63	
Notes Receivable—Due Within One Year.....	187,500.00	
Will Call Accounts Receivable.....	741,638.72	
Other Accounts Receivable:		
Customer's Charge Accounts.....	\$ 16,574.63	
Sundry Other Receivables.....	214,337.69	
	<u>\$ 230,912.32</u>	
Less: Reserve for Doubtful Accounts.....	7,000.00	223,912.32
Merchandise Inventories—at the Lower of Cost or Market.....		<u>2,351,986.18</u>
TOTAL CURRENT ASSETS.....		\$ 7,642,984.81

OTHER ASSETS:

Notes Receivable—Glamor Shops, Inc.....	\$ 270,000.00	
Notes Receivable—Others	82,500.00	
	<u>\$ 352,500.00</u>	
Less: Current Installments Shown Above	187,500.00	\$ 165,000.00
Deposits with Landlords and Public Utilities.....	5,934.64	
U.S. Gov't Bonds—Deposited As Security.....	25,000.00	
Other Investments	<u>10,000.00</u>	205,934.64

FIXED ASSETS:

Land and Buildings—At Cost.....	\$ 813,341.23	
Less: Reserve for Depreciation of Buildings	113,352.60	\$ 699,988.63
Leasehold Improvements, Air Condi- tioning, Furniture, Fixtures, Equip- ment, etc.	<u>\$4,341,196.09</u>	
Less: Reserve for Depreciation and Amortization	<u>1,331,170.65</u>	<u>3,010,025.44</u>
		3,710,014.07

DEFERRED CHARGES:

Unexpired Insurance	\$ 12,555.87	
Prepaid Rent	73,771.85	
Prepaid Expenses	<u>28,471.87</u>	114,799.59

EXCESS IN CONSOLIDATIONS:

Excess of cost of investment in subsidiaries over the book value of their net assets, at date of acquisition	\$ 189,781.60	
Less: Reserve for Amortization.....	<u>37,408.67</u>	<u>152,372.93</u>
TOTAL ASSETS		<u>\$11,826,106.04</u>

ON AND SUBSIDIARY COMPANIES

(dated)

AT DECEMBER 31, 1948

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable—Merchandise	\$	451,019.50	
Accounts Payable—Expenses		184,998.25	
Notes Payable—Banks—Due Within One Year.....		200,000.00	
Federal Income Taxes Payable.....	\$	963,023.26	
Less: U.S. Treasury Tax Notes.....		<u>228,000.00</u>	735,023.26

Accrued Liabilities:

Wages, Salaries and Commissions.....	\$	62,262.04	
Taxes, Other Than Federal Taxes			
On Income		130,508.67	
Rents and Other Items.....		<u>148,725.95</u>	341,496.66

Other Current Liabilities:

Due to Department Lessees.....	\$	72,921.69	
Deposits and Refunds Due Customers		35,847.30	
Mortgage Installments—Due Within			
One Year		<u>4,163.90</u>	<u>112,932.89</u>

TOTAL CURRENT LIABILITIES..... \$ 2,025,470.56

LONG TERM DEBT:

Notes Payable—Banks	\$1,600,000.00		
Less: Current Installments Shown			
Above	<u>200,000.00</u>	\$1,400,000.00	
Mortgage Payable—Real Estate.....	\$	104,825.87	
Less: Current Installments Shown			
Above	<u>4,163.90</u>	<u>100,661.97</u>	1,500,661.97

RESERVES:

Reserve for Unrealized Profit on Will Call Balances.....	\$	267,701.98	
Reserve for Contingencies.....		150,000.00	417,701.98

CAPITAL STOCK AND SURPLUS:

Common Stock—Par Value \$1.00 per share			
Authorized 1,000,000 Shares			
Issued 747,158 Shares	\$	747,158.00	
Less: Stock Held			
In Treasury 7,500 Shares		<u>7,500.00</u>	
Outstanding 739,658 Shares			\$ 739,658.00
Capital Surplus			1,151,844.29
Earned Surplus			<u>5,990,769.24</u>

TOTAL CAPITAL AND SURPLUS..... 7,882,271.53

TOTAL LIABILITIES, CAPITAL STOCK
AND SURPLUS

\$11,826,106.04

FRANKLIN STORES CORPORATION
AND SUBSIDIARY COMPANIES
(Consolidated)

*Comparative Consolidated
Statement of Profit and Loss*

For the Six Months Ended December 31, 1948 and 1947

	<u>1948</u>	<u>1947</u>
Net Sales	\$15,483,623.47	\$12,790,746.97
Cost of Goods Sold, Selling, General and Administrative Expenses	<u>13,414,293.38</u>	<u>11,118,746.39</u>
Operating Profit—Before Depreciation and Amortization	\$ 2,069,330.09	\$ 1,672,000.58
Depreciation and Amortization of Lease- hold Improvements, Buildings, Furniture, Fixtures, Equipment and Air Condition- ing, etc.	<u>181,876.20</u>	<u>142,293.65</u>
Net Operating Profit	\$ 1,887,453.89	\$ 1,529,706.93
Interest and Miscellaneous Income.....	<u>54,026.99</u>	<u>71,705.10</u>
Total Income	\$ 1,941,480.88	\$ 1,601,412.03
Income Deductions	<u>97,404.92</u>	<u>34,427.61</u>
Net Income — Before Federal Taxes and Reserves	\$ 1,844,075.96	\$ 1,566,984.42
Federal Income Taxes	<u>657,561.61</u>	<u>544,439.09</u>
Net Income—After Federal Taxes	\$ 1,186,514.35	\$ 1,022,545.33
Reserve for Amortization of Excess Cost of Investment in Subsidiaries	<u>3,649.62</u>	<u>3,649.62</u>
Net Income—Transferred to Surplus.....	<u><u>\$ 1,182,864.73</u></u>	<u><u>\$ 1,018,895.71</u></u>

FRANKLIN STORES CORPORATION
AND SUBSIDIARY COMPANIES
(Consolidated)

Consolidated Statements of Surplus

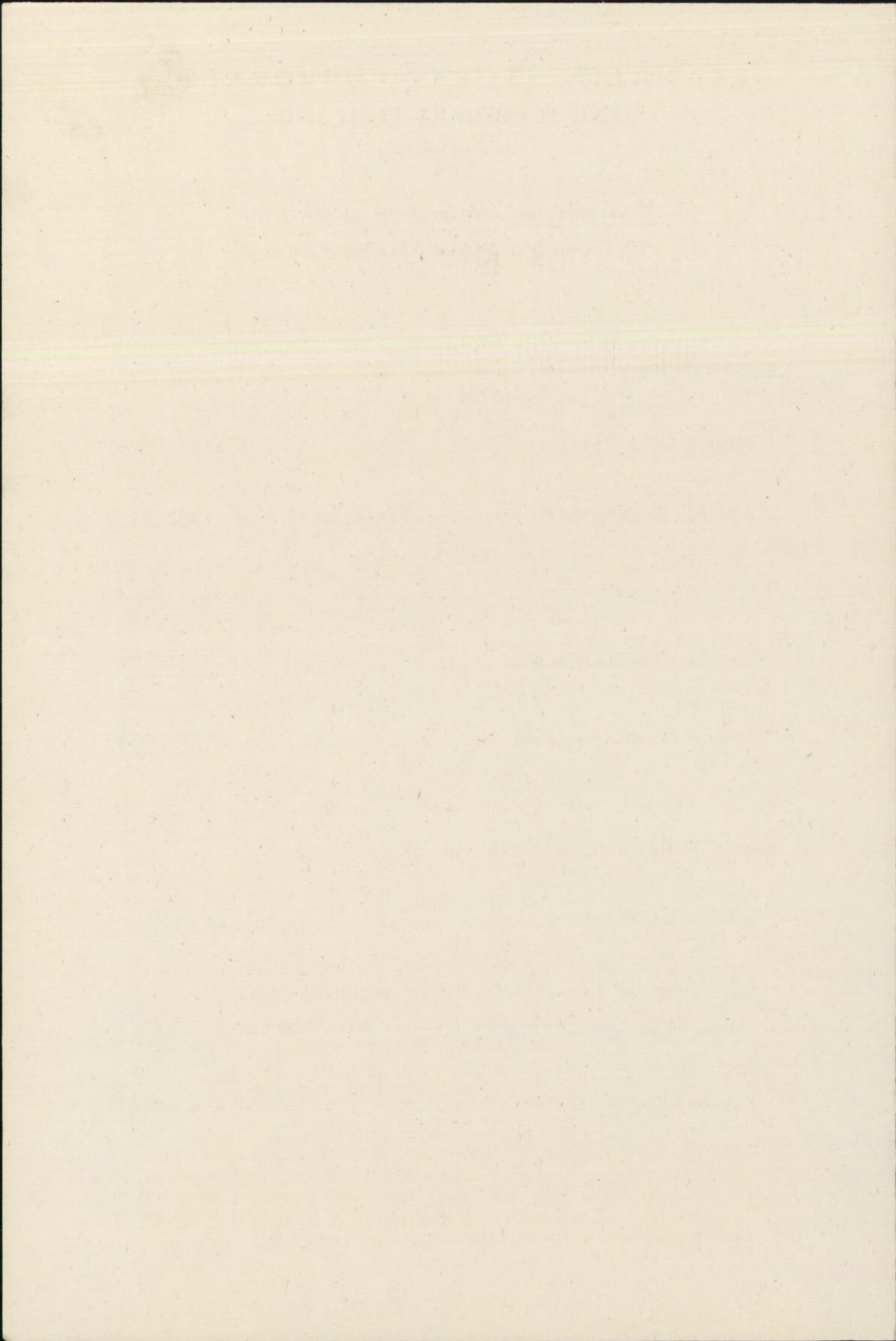
For the Six Months Ended December 31, 1948

EARNED SURPLUS:

Balance—July 1, 1948	\$5,032,051.91
Add: Net Profit for the Six Months ended December 31, 1948	<u>1,182,864.73</u>
Total	\$6,214,916.64
Less: Cash Dividends Paid.....	<u>224,147.40</u>
Balance—December 31, 1948.....	<u>\$5,990,769.24</u>

CAPITAL SURPLUS:

Balance—July 1, 1948.....	\$1,210,091.64
Less: Excess of Cost of 7,500 Shares of Common Stock acquired for Treasury over par value of \$1.00 per share.....	<u>58,247.35</u>
Balance—December 31, 1948.....	<u>\$1,151,844.29</u>



This report to Stockholders, with accompanying accounts, is issued solely for the purpose of providing statistical information. It is not a representation, prospectus or circular in respect of any stock or security of any corporation, and is not transmitted in connection with any sale or offer to sell or buy any stock or security now or hereafter to be issued, or with any preliminary negotiations for such sale.

